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MACROECONOMIC POLICY QUESTIONS: FINANCING OF DEVELOPMENT, INCLUDING NET TRANSFER OF RESOURCES BETWEEN DEVELOPING AND DEVELOPED COUNTRIES

Draft resolution submitted by the Vice-Chairman of the Committee, Mr. Kheireddine Ramoul (Algeria), on the basis of informal consultations held on draft resolution A/C.2/51/L.26

Net flows and transfer of resources between developing and developed countries

The General Assembly,

Reaffirming its resolutions 47/178 of 22 December 1992 and 49/93 of 19 December 1994 on the net flows and transfer of resources between developing countries and developed countries,

Taking note of the World Economic and Social Survey, 1996,[1] in particular chapter III thereof, entitled "The international economy", and the report of the Secretary-General on the net transfer of resources between developing and developed countries,[2]

Recognizing that, while developing countries have primary responsibility for their own development, there is continuing need for the international community to give strong support to their efforts to solve their economic and social problems through, inter alia, the promotion of a favourable international economic environment,

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[1] United Nations publication, Sales No. E.96.II.C.1.

[2] A/51/291.

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Noting that for many developing countries, especially those in Africa and the least developed countries, official development assistance remains an important source of financial resources to support their development efforts,

Recognizing the increasing role of private investment and that the completion of the Uruguay Round of multilateral trade negotiations was a major step by the international community towards the expansion of the rule-based international trading system, advancing liberalization in international trade and creating a more secure trading environment,

Noting that capital flows, in particular private capital flows, to developing countries have been increasing strongly but that not all countries have benefited from such flows and short-term capital movements can be unpredictable,

Noting also that the future course of net transfer of resources to developing countries depends on a growth-oriented and supportive international economic environment and on sound domestic economic policies,

Stressing the unpredictable character of short-term private capital movements, which are particularly subject to interest-rate variations and other possible fluctuations in the domestic and international economic environment,

Noting that in the 1990s the net transfer of resources from the Bretton Woods institutions to developing countries has been negative in real terms, although it has been positive to countries in Africa and to certain countries in Asia, and noting also that the net financial transfer from regional banks to developing countries, taken together, has been generally positive in the 1990s, although it became slightly negative in 1994 and 1995,

Expressing its concern at the recent decline in the overall level of official development assistance,

Bearing in mind that all countries, particularly the major industrialized countries, which have significant weight in influencing world economic growth and the international economic environment, should continue their efforts to promote sustained economic growth and sustainable development, to narrow imbalances, and to cooperate with the developing countries so as to enhance their ability to address and alleviate their major problems in the areas of money, finance, resource flows, trade, commodities and external indebtedness,

1. Stresses the need to increase efforts to ensure the flow of substantial resources to developing countries, through, inter alia, an expansion of multilateral credits, the promotion of foreign direct investment and an increase in concessional and non-debt resources;

2. Also stresses that private capital flows are an important external source of financing for sustainable development and that attracting such investment requires, inter alia, sound fiscal and monetary policies, accountable governmental institutions, and transparent legal and regulatory regimes;

3. Reaffirms the pressing need of developing countries for official development assistance, especially those in Africa and the least developed countries, and urges countries to strive to fulfil, consistent with commitments in international agreements, the agreed target of 0.7 per cent of the gross national product of developed countries for official development assistance to the developing countries, and the target, where agreed, of 0.15 per cent of the gross national product of the developed countries for official development assistance to the least developed countries as soon as possible;

4. Stresses the need to mobilize public support for development cooperation, inter alia, through a strategy based on partnership between developed and developing countries which incorporates, as appropriate, mutually agreed goals for development;

5. Also stresses the importance of the role of the International Development Association as a highly concessional lending arm of the World Bank for promoting development in eligible development countries and urges donors fully to honour their commitment thereto in particular to the eleventh replenishment of the International Development Association and to secure its adequate future funding;

6. Appeals to all countries to continue to cooperate and work together on issues relating to the Enhanced Structural Adjustment Facility, with a view to arriving at a self-sustained facility, including the provision of bilateral contributions, and, if the need arises, the International Monetary Fund should consider optimizing its reserves management in order to facilitate financing of the Enhanced Structural Adjustment Facility;

7. Urges all international financial institutions and donor countries, as appropriate, to continue their own efforts to improve the quality and effectiveness of their lending, inter alia, through thorough assessment of the contributions to sustainable development of projects financed, effective monitoring and evaluation, and increased concessionality, where appropriate;

8. Requests the Secretary-General to continue to monitor developments in the net flows and transfer of resources between developing and developed countries and to utilize all relevant reports, such as those provided by the United Nations Conference on Trade and Development, the World Bank, the International Monetary Fund, and the regional development banks, and to report thereon in the World Economic and Social Survey, 1997, and also requests the Secretary-General to report, in close cooperation with the United Nations Conference on Trade and Development and the Bretton Woods institutions, to the General Assembly at its fifty-third session on the implementation of the present resolution.